

The opinion in support of the decision being entered today was *not* written for publication and is *not* binding precedent of the Board.

UNITED STATES PATENT AND TRADEMARK OFFICE

BEFORE THE BOARD OF PATENT APPEALS
AND INTERFERENCES

Ex parte THOMAS J. SULLIVAN, RICHARD J. WINDISH, DORR H.
LEWRIGHT, JOSEPH M. TRATTNER, SUZANNE K. ARENSON, GEORGE
COLUNGA, KATHY S. HACKETT, and JOICA C. CAMPBELL

Appeal 2006-3387
Application 09/385,489
Technology Center 3600

Decided: March 19, 2007

Before ROBERT E. NAPPI, LINDA E. HORNER and ANTON W. FETTING,
Administrative Patent Judges.

HORNER, *Administrative Patent Judge.*

DECISION ON APPEAL

STATEMENT OF THE CASE

Thomas J. Sullivan et al. (“Appellants”) seek our review under 35 U.S.C. § 134 of the Examiner’s final rejection of claims 1-32, 37-83, and 88-94, all of the pending claims. We have jurisdiction under 35 U.S.C. § 6(b).

SUMMARY OF DECISION

We AFFIRM-IN-PART.

THE INVENTION

Appellants’ claimed invention relates to a system and method that captures, records, tracks, reports, monitors, verifies, and settles product promotions for retailers and manufacturers. Claim 1, reproduced below, is representative of the subject matter on appeal.

1. A method for an independent system operator to administer a trade promotion for a product involving a manufacturer and a retailer having at least one store with an in-store POS system, said method comprising the steps of the independent system operator:

before a start of the trade promotion by the retailer, capturing terms of the trade promotion at least including promoted product identification and at least one of (a) a predetermined payment value the manufacturer will owe the retailer for each promoted product sold by the retailer during the trade promotion, and (b) a predetermined

payment value the manufacturer will owe the retailer for conducting the trade promotion;

before the start of the trade promotion by the retailer, storing the captured terms of the trade promotion in an independent system operator database;

after the start of the trade promotion by the retailer, collecting from the retailer product POS data from at least one in-store POS system of the retailer;

filtering the product POS data using the promoted product identification stored in the independent system operator database to obtain promoted product POS data;

processing the promoted product POS data in accordance with at least one of the stored (a) predetermined payment value the manufacturer will owe the retailer for each promoted product sold by the retailer during the trade promotion, and the stored (b) predetermined payment value the manufacturer will owe the retailer for conducting the trade promotion in the independent system operator database to determine an amount of money the manufacturer owes to the retailer for the trade promotion; and

facilitating the manufacturer's payment of the amount of money owed to the retailer for the trade promotion.

THE REJECTION

The Examiner relies upon the following as evidence of unpatentability:

Schultz	US 5,056,019	Oct. 08, 1991
Jones	US 5,832,458	Nov. 03, 1998

The Examiner rejected claims 1-32, 37-83, and 88-94 under 35 U.S.C. § 103(a) as being unpatentable over Jones in view of Schultz.

ISSUE

Appellants contend Jones does not teach using its audit system to determine the amount of money the manufacturer owes the retailer for a trade promotion or for paying or causing payment of that amount of money from the manufacturer to the retailer (Br. 31). Appellants further contend that Jones teaches using its system to passively audit retail POS transactions, including trade promotions, and does not expressly or inherently disclose capturing and storing in its database at least one of (a) a predetermined payment value the manufacturer will owe the retailer for each promoted product sold by the retailer during the trade promotion, and (b) a predetermined payment value the manufacturer will owe the retailer for conducting the trade promotion (Br. 33). Appellants contend that Schultz does not cure the deficiencies of Jones, because the Schultz system does not settle reward promotions between the retailer and the manufacturer (Br. 39).

The Examiner admits that Jones does not expressly mention “promoted product identification and predetermined payment value” (Answer 4). The Examiner found, however, Jones teaches that by crafting the promotion contract around performance goals evidenced by incremental sales volume increases, and

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activities and help manufacturers and retailers make marketing promotion decisions for consumer products

Dom Del Prete, “Advances in scanner research yield better data quicker,” *Marketing News*, January 7, 1991, p. 54 (Appendix B) describes prior art systems that use POS transaction data to determine quickly whether a promotion is working or a particular product is selling poorly.

Michael Garry, “How’s your scan data?” *Progressive Grocer*, October 1992, Vol. 71, Issue 10, p. 83 (Appendix C) describes prior art systems that use POS transaction data to plan new promotions by looking back at POS transaction data collected during old promotions.

Julie Liesse, “Pay for performance picking up speed,” *Advertising Age*, August 9, 1993, Vol. 64, Issue 33, p. 19 (Appendix D) describes prior art systems that use POS transaction data to award retailers trade promotion dollars after consumers buy the product.

Betsy Spethmann, “More Move To Scan Based Pay,” *Brandweek*, May 16, 1994, Vol. 35, Issue 20, p. 4 (Appendix E) describes prior art systems that use POS transaction data to tabulate salespeople’s bonuses.

Michael Garry, “Computing promotions,” *Progressive Grocer*, July, 1995, Vol. 74, Issue 7, p. 95 (Appendix F) describes prior art systems that use POS transaction data to merge the POS transaction data with store-specific promotional data to evaluate the effects of displays, ads and temporary price reductions and to plan for future promotions

These articles demonstrate that in the late 1980's and early 1990's, the industry improved scanner technology to an extent that the scan data from POS transactions began to be more reliable. Once the industry had solved this problem, the innovations in applications using this data to facilitate trade promotions rapidly developed and those skilled in the art were sophisticated in the ways to use this data.

The undisputed evidence indicates that there existed a felt need to independently audit the number of promoted products sold during a trade promotion.

The evidence also demonstrates that Jones created a system to meet this need prior to Appellants' invention. Any long-felt need to independently audit trade promotions was satisfied by the prior art.

All that the claimed invention arguably provided in the way of unmet needs over the Jones system was a way for a third party system to automate the calculation of the amount owed by the manufacturer and initiate a payment or generate an invoice for the amount.

Appellants' objective evidence, however, does not demonstrate a long-felt need for automation of this function and further does not show that manufacturers and retailers were not already calculating and processing this amount with an automated system of their own.

We find no support for the Declarant's statement that at the time of the invention, there was no system available to independently account for sales of promoted product. Appellants failed to provide any objective evidence to

demonstrate either (1) Jones's attempts to commercialize its invention, or (2) Jones's failure of commercial success.

PRINCIPLES OF LAW

To determine whether a prima facie case of obviousness has been established, we are guided by the factors set forth in *Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 USPQ 459, 467 (1966), viz., (1) the scope and content of the prior art; (2) the differences between the prior art and the claims at issue; and (3) the level of ordinary skill in the art. *Graham* also suggests analysis of secondary considerations such as commercial success, long felt but unsolved needs, failure of others, etc. *Id.*

In determining the scope and content of the prior art, we consider not only whether the elements are found expressly in the prior art reference, but also whether the elements are found inherently therein. "To establish inherency, the extrinsic evidence must make clear that the missing descriptive matter is necessarily present in the thing described in the reference, and that it would be so recognized by persons of ordinary skill. Inherency, however, may not be established by probabilities or possibilities. The mere fact that a certain thing may result from a given set of circumstances is not sufficient." *In re Robertson*, 169 F.3d 743, 745, 49 USPQ2d 1949, 1950-51 (Fed. Cir. 1999) (citations omitted) (internal quotation marks omitted).

In determining the level of ordinary skill in the art, we consider various factors to shed light on what a hypothetical person of ordinary skill would have known at the time of the invention.

The person of ordinary skill in the art is a hypothetical person who is presumed to know the relevant prior art. *Custom Accessories, Inc. v. Jeffrey-Allan Indus., Inc.*, 807 F.2d 955, 962, 1 USPQ2d 1196, 1201 (Fed. Cir. 1986). In determining this skill level, the [Board] may consider various factors including “type of problems encountered in the art; prior art solutions to those problems; rapidity with which innovations are made; sophistication of the technology; and educational level of active workers in the field.” *Id.* In a given case, every factor may not be present, and one or more factors may predominate. *Id.* at 962-63, 1 USPQ2d at 1201.

In re GPAC, 57 F.3d 1573, 1579, 35 USPQ2d 1116, 1121 (Fed. Cir. 1995).

In our determination of obviousness under 35 U.S.C. § 103, we also carefully weigh, in addition to the evidence relied upon by the Examiner, the objective evidence of nonobviousness provided by Appellants.

Establishing long-felt need requires objective evidence that an art recognized problem existed in the art for a long period of time without solution. The relevance of long-felt need and the failure of others to the issue of obviousness depends on several factors. First, the need must have been a persistent one that was recognized by those of ordinary skill in the art. *Orthopedic Equipment Co. v. All Orthopedic Appliances, Inc.*, 707 F.2d 1376, 217 USPQ 1281 (Fed. Cir. 1983); *see also In re Gershon*, 372 F.2d 535, 539, 152 USPQ 602-65 (CCPA 1967). Second, the long-felt need must not have been satisfied by another before the

invention by applicant. *Newell Companies v. Kenney Mfg. Co.*, 864 F.2d 757, 768, 9 USPQ2d 1417, 1426 (Fed. Cir. 1988) (“[O]nce another supplied the key element, there was no long-felt need or, indeed, a problem to be solved.”) Third, the invention must in fact satisfy the long-felt need. *In re Cavanagh*, 436 F.2d 491, 168 USPQ 466 (CCPA 1971).

In addition to our review of the *Graham* factors, we also considered the requirement of a showing of a “teaching, suggestion, or motivation” to modify or combine the prior art teachings. This requirement was recently described in *In re Kahn*, 441 F.3d 977, 988, 78 USPQ2d 1329, 1337 (Fed. Cir. 2006),

[T]he “motivation-suggestion-teaching” test asks not merely what the references disclose, but whether a person of ordinary skill in the art, possessed with the understandings and knowledge reflected in the prior art, and motivated by the general problem facing the inventor, would have been led to make the combination recited in the claims. From this it may be determined whether the overall disclosures, teachings, and suggestions of the prior art, and the level of skill in the art – i.e., the understandings and knowledge of persons having ordinary skill in the art at the time of the invention-support the legal conclusion of obviousness. (internal citations omitted).

“In considering motivation in the obviousness analysis, the problem examined is not the specific problem solved by the invention but the general problem that confronted the inventor before the invention was made. *Kahn*, 441 F.3d at 988, 78 USPQ2d at 1336 (citations omitted).

To establish a prima facie case of obviousness, the references being combined do not need to explicitly suggest combining their teachings. See e.g., *Kahn*, 441 F.3d at 987-88, 78 USPQ2d at 1337-38 (“the teaching, motivation, or suggestion may be implicit from the prior art as a whole, rather than expressly stated in the references”); and *In re Nilssen*, 851 F.2d 1401, 1403, 7 USPQ2d 1500, 1502 (Fed. Cir. 1988) (“for the purpose of combining references, those references need not explicitly suggest combining teachings.”).

An explicit teaching that identifies and selects elements from different sources and states that they should be combined in the same way as in the invention at issue, is rarely found in the prior art. As precedent illustrates, many factors are relevant to the motivation-to-combine aspect of the obviousness inquiry, such as the field of the specific invention, the subject matter of the references, the extent to which they are in the same or related fields of technology, the nature of the advance made by the applicant, and the maturity and congestion of the field.

....

Precedent has also recognized that “[t]he suggestion or motivation to combine references does not have to be stated expressly; rather it may be shown by reference to the prior art itself, to the nature of the problem solved by the claimed invention, or to the knowledge of one of ordinary skill in the art.”

In re Johnston, 435 F.3d 1381, 1385, 77 USPQ2d 1788, 1790-91 (Fed. Cir. 2006) (citing *Medical Instrumentation and Diagnostics Corp. v. Elekta AB*, 344 F.3d 1205, 1221-22 (Fed. Cir. 2003)). “The test for an implicit showing is what the combined teachings, knowledge of one of ordinary skill in the art, and the nature of

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the problem to be solved as a whole would have suggested to those of ordinary skill in the art.” *Kahn*, 441 F.3d at 987-88, 78 USPQ2d at 1336 (quoting *In re Kotzab*, 217 F.3d 1365, 1370, 55 USPQ2d 1313, 1317 (Fed. Cir. 2000)).

ANALYSIS

CLAIMS 1-29, 37-76, 88, AND 89

Appellants argue claims 1-29, 37-76, 88, and 89 as a group (Br. 42-59). Although Appellants list elements of certain dependent claims on pages 57-58 of the Brief, Appellants do not provide any argument as to why Jones does not teach the listed elements. A statement which merely points out what a claim recites will not be considered an argument for separate patentability of the claim. 37 C.F.R. § 41.37(c)(vii) (2006). As such, we select claim 1 as a representative claim and the remaining claims stand or fall together with claim 1

Independent claim 1 recites capturing and/or storing “terms of the trade promotion” including “at least one of (a) a predetermined payment value the manufacturer will owe the retailer for each promoted product sold by the retailer during the trade promotion, and (b) a predetermined payment value the manufacturer will owe the retailer for conducting the trade promotion.”

Appellants admit that Jones teaches an audit system for auditing and monitoring POS transactions (including transactions involving trade promotions) (Br. 42). Appellants further admit that Jones’s audit system must capture the identification of the promoted product in order to provide the audit reports (Br. 44). Appellants contend that Jones does not teach capturing a predetermined payment

value and using this information to calculate what the manufacturer owes the retailer and facilitating this payment (Br. 46-47).

The Examiner found that Jones inherently discloses capturing and storing a predetermined payment value because Jones teaches that by crafting the promotion contract around performance goals evidenced by incremental sales volume increases, and having recourse to a valid third party audit of the performance achieved, both retailer and manufacturer have a clear and current factual record to use in resolving payment disputes (Answer 4). The Examiner thus determined that it would be inherent to track the performance that would help manufacturers determine how much money they owed to the retailers, because manufacturers would have to know the products that are in promotion and the payment value of the product for settlement (Answer 4).

Jones teaches tracking incremental sales volume increases to use as an independent audit of the performance achieved by a trade promotion. We do not see how this teaching, however, would necessarily require the independent auditor to store a predetermined payment value of what the manufacturer will owe the retailer for each promoted product sold by the retailer during the trade promotion or a predetermined payment value of what the manufacturer will owe the retailer for conducting the trade promotion. Jones does not disclose that its independent audit would include a calculation of the amount that the manufacturer owes the retailer as a result of an incremental sales volume increase during a trade promotion. Rather, Jones teaches using its electronic audit system for a trade promotion in which the manufacturer agrees to reimburse retailers relative to the

sales performance of the selected items (e.g., incremental sales volume or established trend line of sales volume for that retailer/retail chain) (Jones, col. 12, ll. 4-8).

Jones's electronic audit system audits and tracks the results of the retailer's promotion efforts while monitoring and recording all POS transactions for the retailer (Jones, col. 12, ll. 12-14). Jones teaches that reports of these incremental sales volume increases are sent to both the retailer and the manufacturer to support the settlement process (Jones, col. 12, ll. 20-25). Jones discloses that the retailer must summarize the necessary information on the promotional support activities, including the report from the electronic audit system, and the retailer then invoices the manufacturer, and deducts the price discount from checks paid by the retailer to the manufacturer (Jones, col. 12, ll. 25-29). Thus, Jones's electronic audit system provides an independent audit of the incremental sales volume increase during a trade promotion. Because Jones does not explicitly teach capturing and/or storing predetermined payment value information and because Jones's system has no need of this information in order to provide its independent audit to the parties, the Examiner has not shown how Jones inherently discloses the capture and/or storage of this information.

The missing elements of Jones's audit system are akin to the functions typically provided by a third party escrow agent to parties of a contract. In particular, an escrow agent typically holds onto property of one party to a contract until such time as it determines that certain contractual conditions have been met,

at which time the escrow agent releases the property to the other party to the contract.

Schultz discloses such an escrow system in which a central management firm holds onto a manufacturer's reward certificates until such time as it determines that the customer has met certain promotional conditions, at which time the central management firm releases reward certificates to the customer. In particular, Schultz discloses a system in which a central management firm 3 stores records of the purchase reward offers 2 defined by a manufacturer 1 (Schultz, col. 6, ll. 13-16). Schultz discloses that the central management firm 3 collects data on a customer's purchases at a retail store 20 (Schultz, col. 7, ll. 20-47). Schultz discloses that the central management firm 3 processes the purchase records 30 for a consumer 19 and sends a reward certificate 18 to the consumer 19 when the consumer 19 earns a reward (e.g., by purchasing a required number of reward products) (Schultz, col. 7, ll. 60-64 and col. 8, ll. 64-65). The reward certificate 18 can be a negotiable check or a voucher to be redeemed at a participating retail store 20 for cash or credit toward product purchases (Schultz, col. 8, ll. 65-68). The program data collector 23, located in the retail store 20, stores redemption records 30 for the rewards certificates 18 and the central management firm 3 periodically receives these redemption records and uses the records to audit the amount reimbursed to the retail store (Schultz, col. 9, ll. 3-7). The manufacturer pays the central management firm 3 based on the number of rewards earned and paid to consumers 19.

What Schultz describes is an escrow service provided by the central management firm on behalf of the manufacturer and consumer to settle the amounts (i.e., reward certificates) owed by the manufacturer to the customer under the terms of a trade promotion. In this case, Schultz captures and stores the terms of the trade promotion (i.e., the number of products that must be purchased by the customer in order to receive an award). Schultz uses the POS transaction data to determine if the customer has met the terms of the deal. When the reward goal has been met, Schultz calculates the amount owed by the manufacturer (i.e., the amount of the reward for which the customer has qualified) and facilitates payment of the amount owed by sending the customer a reward certificate. The only difference between Schultz and the invention of claim 1 is that the settlement in Schultz occurs between the manufacturer and the customer based on the number of promoted products purchased by the consumer, instead of between the manufacturer and retailer based on the number of promoted products sold by the retailer.

We find that it would have been obvious, in view of the teaching of Schultz to use an independent third party escrow agent to administer a trade promotion between a manufacturer and a customer, to have enhanced the offerings of Jones's independent third party audit service to add an escrow service as between the manufacturer and retailer.

We find that a hypothetical person of ordinary skill in the art would be presumed to know the prior art, including Jones and Schultz. We also find that a hypothetical person of ordinary skill in the art would be presumed to know of the

advances in scan technology and the rapid development of applications using POS transaction scan data in trade promotions at the time of the invention. This rapid development is demonstrated by considering several prior art commercial systems, which used POS transaction data in a variety of trade promotion applications, including, (1) to determine quickly whether a promotion is working or a particular product is selling poorly, (2) to monitor the effectiveness of marketing activities and help manufacturers and retailers make marketing promotion decisions for consumer products, (3) to merge the POS transaction data with store-specific promotional data to evaluate the effects of displays, ads and temporary price reductions and to plan for future promotions, (4) to plan new promotions by looking back at POS transaction data collected during old promotions, (5) to tabulate salespeople's bonuses, and (6) to award retailers trade promotion dollars after consumers buy the product¹. These articles demonstrate that in the 1990's, the industry improved scanner technology to an extent that the scan data from POS transactions began to be more reliable. Once the industry had solved this problem, the innovations in applications using this data to facilitate trade promotions rapidly developed and those skilled in the art were sophisticated in the ways to use this data.

As such, we find that a hypothetical person of ordinary skill in the art, having the independent third party audit system of Jones for facilitating auditing of incremental sales volume increases during trade promotions, and having the independent escrow service model of Schultz for facilitating administration of a

¹ See Findings of Facts *supra* and Appendices A-F.

trade promotion, would have been led to add the escrow service feature of Schultz to the independent audit system of Jones as a way to enhance its service offerings to its customers. *Dystar Textilfarben GmbH & Co. Deutschland KG v. C.H. Patrick Co.*, 464 F.3d 1356, 1368, 80 USPQ2d 1641, 1651 (Fed. Cir. 2006) (“an implicit motivation to combine exists not only when a suggestion may be gleaned from the prior art as a whole, but when the ‘improvement’ is technology-independent and the combination of references results in a product or process that is more desirable Because the desire to enhance commercial opportunities by improving a product or process is universal-and even common-sensical-we have held that there exists in these situations a motivation to combine prior art references even absent any hint of suggestion in the references themselves.”) In this case, the ordinary artisan possessed the requisite knowledge and skills rendering him capable of adding the escrow service functionality of Schultz to the audit system of Jones to make Jones’s system more commercially desirable.

We recognize that evidence of secondary considerations, such as that presented by Appellants in this application must be considered in route to a determination of obviousness/nonobviousness under 35 U.S.C. § 103. Accordingly, we consider anew the issue of obviousness under 35 U.S.C. § 103, carefully evaluating and weighing both the evidence relied upon by the Examiner and the objective evidence of nonobviousness provided by Appellants.

Appellants presented a Declaration of Richard J. Windish (“Windish Declaration”) as purported evidence of long-felt need. We find this evidence insufficient, because the Windish Declaration fails to take into account that the

system described in Jones already solved the identified long-felt need. The Windish Declaration identifies the problem in the industry as follows:

In trade promotions, since there is no coupon, the manufacturer does not have a processed physical coupon to rely on to verify the appropriate payment to the retailer for the promoted product sold during the trade promotion. Thus, trade promotions inherently create a significant verification problem for manufacturers. (Windish Decl. ¶ 25.)

The Windish Declaration then states (Windish Decl. ¶¶ 26) that prior to Appellants' invention, the known systems and methods for administering trade promotions were inadequate to resolve this verification problem because, *inter alia*,

The retailers had control of all of the point of sale data and thus control of the promotion redemption. The manufacturer could only make estimates for resulting point of sale data. Processed point of sale data often resulted in discrepancies. Such discrepancies were difficult to resolve and often remained unresolved. (Windish Decl. ¶ 34.)

...

[T]he manufacturer did not have the ability to readily or independently verify:

(a) the retailer's calculated performance total due to the retailer,

(b) the number of promoted products sold by the retailer during the trade promotion period, or

(c) the amount of the discounts given to the consumers for the promoted products during the trade

promotion. (Windish Decl. ¶ 40).

Appellants also presented articles purporting to show a long-felt need to: resolve misunderstandings over deal terms (Windish Decl. ¶ 60), improve efficiency in resolving deductions and analysis (Windish Decl. ¶¶ 61-63), administer the trade promotion (Windish Decl. ¶ 65), include the retailers and provide an independent system for administering trade promotions (Windish Decl. ¶ 67), improve invoice accuracy (Windish Decl. ¶ 69), and improve communications, increase data synchronization, and improve information systems (Windish Decl. ¶ 70).

Even assuming that the Appellants' objective evidence demonstrates the needs asserted by Appellants, the Jones audit system solves the verification problem and thus meets these needs by capturing the POS transaction data in an independent third-party computer system and auditing the data so that the manufacturer can independently verify the number of promoted products sold by the retailer during the trade promotion period. Further, the manufacturer, using the independently-verified number of products sold provided by Jones system, can also verify the retailer's calculated performance total due based on the terms of their deal and calculate the amount of discounts that the retailer gave to the consumers for the promoted products during the trade promotion.

The undisputed evidence indicates that there existed a felt need to independently audit the number of promoted products sold during a trade promotion. The evidence also demonstrates, however, that Jones created a system to meet this need prior to Appellants' invention. The relevant secondary

consideration is “long-felt *but unsolved* need,” not long-felt need in isolation. *See Graham v. John Deere Co.*, 383 U.S. 1, 17, 148 USPQ 459, 467 (1966). Any long-felt need to independently audit trade promotions was satisfied by the prior art. Thus, the secondary considerations present in the instant case are not sufficient to overcome the strong case for obviousness based on the prior art.

The Windish Declaration also asserts a long-felt need for an independent third party to verify the agreed-upon contract terms of the trade promotion and to settle the account between the manufacturer and the retailer. (Windish Decl. ¶ 29, 36). Although Jones does not calculate the total amount owed based on the deal terms, it is our understanding that the payment owed under the claimed invention is based on the benchmark of the total promoted products purchased during the trade promotion. As such, if the third party audit system in Jones provides the manufacturer with an independent number of promoted products sold, any alleged long-felt need for settlement of the account between the manufacturer and retailer has been substantially met as long as the manufacturer and the retailer are using the same deal sheet to calculate the total amount owed. The Windish Declaration states that prior to the present invention there was no unified or integrated communication or verification of the agreed upon contract terms of the trade promotion between the manufacturer and the retailer (Windish Decl. ¶ 29). We find this difficult to believe with the sophistication of telecommunications devices that were at the disposal of the parties at the time of the invention. All that would be required is for the manufacturer to fax the final deal sheet to the retailer listing the agreed-upon terms of the trade promotion contract. *See* Windish Decl. ¶ 27

(admitting that “[t]he manufacturer usually sent or provided the deal sheet manually or electronically (such as by mail, facsimile, or e-mail) to the retailer.”) Then, using the audit numbers from the Jones system, and the agreed upon deal sheet, the retailer’s and the manufacturer’s calculations of the total owed should be the same.

All that the claimed invention arguably provides in the way of unmet needs over the Jones system is a way for a third party system to automate the calculation of the amount owed by the manufacturer and initiate a payment or generate an invoice for the amount. Appellants’ objective evidence, however, does not demonstrate a long-felt need for automation of this function by a third party and further does not show that manufacturers and retailers were not already calculating and processing this amount with an automated system of their own. Further, we do not glean from Appellants’ objective evidence why the manufacturer or retailer would need a third party to perform this calculation for them. Clearly, a third party would charge for this service. The parties would need to balance the cost of performing this function internally versus the cost of using an escrow service. This is merely a cost-benefit analysis, but does not show a long-felt, but unmet need, in the industry.

Appellants also attempted to show failure of others by contending that Jones’s system for trade promotions has never been commercially successful (Windish Decl. ¶56). Appellants failed to provide any objective evidence to demonstrate either (1) Jones’s attempts to commercialize its invention, or (2) Jones’s failure of commercial success. As such, we find no support for the

Declarant's statement that at the time of the invention, there was no system available to independently account for sales of promoted product. On the contrary, the disclosure in Jones provides just such an independent audit system for use by manufacturers and retailers.

Weighing all evidence of obviousness against all evidence of non-obviousness, we find that Appellants' evidence of long-felt need is not sufficient to overcome the obviousness of the claimed invention. As such, the invention of claims 1-29, 37-73, 88, and 89 would have been obvious to one having ordinary skill in the art at the time of the invention in view of Jones and Schultz.

CONCLUSIONS OF LAW

We conclude that the Appellants have not shown that the Examiner erred in rejecting claims 1-29, 37-76, 88, and 89 under 35 U.S.C. § 103(a) as unpatentable over Jones and Schultz.

CLAIMS 30-32

Appellants argue claims 30-32 as a group (Br. 59-61). As such, we select claim 30 as a representative claim and the remaining claims stand or fall together with claim 30. Appellants reiterate the same arguments made as to claim 1 in support of patentability of claim 30. We do not find these arguments persuasive for the reasons stated *supra*. Appellants further contend that claim 30 is not obvious because Jones and Schultz do not disclose providing access to the independent system operator database by the retailer and manufacturer to

independently verify the terms of the trade promotion and providing access after the start of the trade promotion to allow the retailer and manufacturer to determine at least a portion of the amount of money the manufacturer will owe the retailer (Br. 60-61).

The Examiner found Jones teaches providing access to the independent system operator database by the retailer and manufacturer to independently verify the terms of the trade promotion (Answer 15, citing Jones, col. 12, ll. 10-40) and providing access after the start of the trade promotion to allow the retailer and manufacturer to determine at least a portion of the amount of money the manufacturer will owe the retailer (Answer 16, citing Jones, col. 12, ll. 10-25).

Jones discloses sending a report of the incremental sale volume increases to both the retailer and the manufacturer only after each event to support the settlement process (Jones, col. 12, ll. 20-25). The Examiner has not pointed to, nor do we find, any disclosure in Jones that its audit system is accessible independently to the retailer and the manufacturer to verify the terms of the trade promotion prior to the start of the trade promotion by the retailer, or to see the accruing amount of money owed by the manufacturer during the trade promotion, as required by claim 30. Schultz does not appear to cure this deficiency in Jones. As such, we do not find sufficient teaching, suggestion, or motivation in Jones and Schultz that would have led one having ordinary skill in the art at the time of the invention to the invention as recited in claim 30. Claims 31 and 32 depend from and further limit claim 30, and as such, are also not obvious in view of Jones and Schultz.

Accordingly, we conclude that the Examiner erred in rejecting claims 30-32 under 35 U.S.C. § 103(a) as unpatentable over Jones and Schultz.

CLAIMS 77-83

Appellants argue claims 77-83 as a group (Br. 62-64). As such, we select claim 77 as a representative claim and the remaining claims stand or fall together with claim 77. Appellants reiterate the same arguments made as to claim 1 in support of patentability of claim 77. We do not find these arguments persuasive for the reasons stated *supra*. Appellants further contend that claim 77 is not obvious because Jones and Schultz do not teach capturing link codes for associated discounts if the trade promotion is an electronic discount trade promotion (Br. 63-64). The Examiner found that Schultz teaches customer cards that enable the retailer/manufacturer to issue electronic discounts to customers at the point-of-sale based on the customer card linking to promotions (Answer 28, citing Schultz, col. 8, ll. 1-3 and 39-41 and col. 4, ll. 64-67). The Examiner determined that it would have been obvious to a person of ordinary skill in the art at the time of the invention to include in the system of Jones customer cards that are linked to promotions in his trade promotion system because the cards would identify the customers which could be used to better target advertisements and promotions to the customers (Answer 28). We agree with the Examiner.

As evidenced by Schultz (col. 4, ll. 28-37), it was commonly known in the art at the time of the invention that temporary price reductions, such as those described in Jones (col. 11, ll. 21-23), could be implemented using a customer

identification card. Such systems require a linking code to link to the discounted price of the product once a customer card has been presented at the point-of-sale. As such, if the trade promotion of Jones was a trade promotion based on customer cards, the system would need to capture and store the linking codes associated with the price reductions. We find sufficient motivation to use a customer card-type trade promotion, as taught in Schultz, in the system of Jones to further enhance the functionality of the system by allowing retailers and manufacturers to better track consumer purchases and behavior and use this information to improve future trade promotions.

Based on our findings as to the evidence of long-felt need made *supra*, and weighing all evidence of obviousness against all evidence of non-obviousness, we find that Appellants' evidence of long-felt need is not sufficient to overcome the obviousness of the claimed invention. As such, the invention of claims 77-83 would have been obvious to one having ordinary skill in the art at the time of the invention in view of Jones and Schultz. Accordingly, we conclude that the Appellants have not shown that the Examiner erred in rejecting claims 77-83 under 35 U.S.C. § 103(a) as unpatentable over Jones and Schultz.

CLAIMS 90-94

Appellants argue claims 90-94 as a group (Br. 64-67). As such, we select claim 90 as a representative claim and the remaining claims stand or fall together with claim 90. Appellants reiterate the same arguments made as to claim 1 in support of patentability of claim 90. We do not find these arguments persuasive

for the reasons stated *supra*. Appellants further contend that claim 90 is not obvious because Jones and Schultz do not disclose: providing access to the independent system operator database by the retailer and manufacturer prior to the start of the trade promotion by the retailer to independently verify the terms of the trade promotion and determine if the retailer changed the terms; enabling the retailer, before the start of the trade promotion, to change at least one of the stored terms of the promotion and capturing and storing the changed terms; and providing access after the start of the trade promotion to allow the retailer and manufacturer to determine at least a portion of the amount of money the manufacturer will owe the retailer (Br. 66-67).

As we found *supra* for claim 30, Jones discloses sending a report of the incremental sale volume increases to both the retailer and the manufacturer only after each event to support the settlement process (Jones, col. 12, ll. 20-25). The Examiner has not pointed to, nor do we find, any disclosure in Jones that its audit system is accessible independently to the retailer and the manufacturer to verify the terms of the trade promotion prior to the start of the trade promotion by the retailer, or accessible to the retailer to change the terms, or accessible to both parties to see the accruing amount of money owed by the manufacturer during the trade promotion, as required by claim 90. Schultz does not appear to cure this deficiency in Jones. As such, we do not find sufficient teaching, suggestion, or motivation in Jones and Schultz that would have led one having ordinary skill in the art at the time of the invention to the invention as recited in claim 90. Claims 91-94 depend from and further limit claim 90, and as such, are also not obvious in

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view of Jones and Schultz. Accordingly, we conclude that the Examiner erred in rejecting claims 90-94 under 35 U.S.C. § 103(a) as unpatentable over Jones and Schultz.

DECISION

The Examiner's rejection of claims 1-29, 37-83, 88, and 89 under 35 U.S.C. § 103 is affirmed, and the Examiner's rejection of claims 30-32 and 90-94 under 35 U.S.C. § 103 is reversed.

No time period for taking any subsequent action in connection with this appeal may be extended under 37 CFR § 1.136(a).

AFFIRMED-IN-PART

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